

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version:	CSSB 74(FIN)
Fiscal Note Number:	30
(S) Publish Date:	3/9/2016

Identifier: SB074CS(FIN)-DCCED-CBPL-03-07-16  
Title: MEDICAID REFORM/PFD/HSAS/ER  
USE/STUDIES  
Sponsor: KELLY  
Requester: (S) Finance

Department: Department of Commerce, Community and  
Economic Development  
Appropriation: Corporations, Business and Professional  
Licensing  
Allocation: Corporations, Business and Professional  
Licensing  
OMB Component Number: 2360

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services	443.6		443.6	443.6	443.6	443.6	443.6
Travel	3.0		3.0	3.0	3.0	3.0	3.0
Services	89.2		160.8	160.8	160.8	160.8	160.8
Commodities	25.0						
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>560.8</b>	<b>0.0</b>	<b>607.4</b>	<b>607.4</b>	<b>607.4</b>	<b>607.4</b>	<b>607.4</b>

## Fund Source (Operating Only)

1156 Rcpt Svcs	560.8		607.4	607.4	607.4	607.4	607.4
<b>Total</b>	<b>560.8</b>	<b>0.0</b>	<b>607.4</b>	<b>607.4</b>	<b>607.4</b>	<b>607.4</b>	<b>607.4</b>

## Positions

Full-time	5.0		5.0	5.0	5.0	5.0	5.0
Part-time							
Temporary							

<b>Change in Revenues</b>	560.8		607.4	607.4	607.4	607.4	607.4
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**Estimated SUPPLEMENTAL (FY2016) cost:** 0.0 (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**Estimated CAPITAL (FY2017) cost:** 0.0 (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/17

## Why this fiscal note differs from previous version:

CSSB074(FIN)AM added the expansion of telemedicine; updated personal services, travel, services, commodities, and analysis.

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Date: 03/07/16

REPORTED OUT OF  
SFC 03/08/2016

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
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## Analysis

CSSB74 requires the pharmacist or practitioner who dispenses controlled substances, other than those administered to a patient at a health care facility, to submit to the board for inclusion in the Controlled Substance Prescription Database (PDMP) on a weekly basis. The bill allows licensed practitioners and licensed pharmacists to delegate access to the PDMP on their behalf to an agent or employee of the practitioner. It requires a pharmacist or practitioner who prescribes or dispenses controlled substances to register with the PDMP in a format established by the Board of Pharmacy, and requires the Board of Pharmacy to promptly notify the pertinent licensing board when a practitioner registers with the PDMP.

This legislation allows access to the PDMP by: the licensed pharmacist of the Department of Health and Social Services (DHSS) responsible for administering prescription drugs coverage; the licensed pharmacist, licensed practitioner, or authorized employee of DHSS responsible for the utilization review of prescription drugs for the medical assistance program; the Medical Examiner to the extent that the information relates specifically to investigating the cause and manner of a person's death; and authorized personnel of DHSS who may receive data for the purpose of identifying and monitoring public health issues in the state.

CSSB74 allows for disciplinary action for failure to register by either the Board of Pharmacy or by another licensing board. It creates a procedure and time frame for registration with the PDMP and requires a pharmacist or practitioner to access the database to check a patient's prescription records before dispensing, prescribing, or administering a controlled substance. This legislation requires the Board to update the database on a weekly basis and authorizes the Board to provide unsolicited notification to a pharmacist or practitioner if a patient has received one or more prescriptions for controlled substances in quantities or with a frequency inconsistent with generally recognized standards of safe practice.

Expansion of the scope and functionality of the PDMP will require a Program Coordinator I, range 18, in Juneau to manage all aspects of the PDMP, including registration, reporting, collaboration and engagement with the state's opioid control program, grant writing and reporting, vendor solicitation, and other facets of the PDMP.

CSSB74 expands the practice of telemedicine from prescribing, dispensing, or administering a prescription drug without conducting a physical examination (as authorized under HB 281 during the 2014 Legislative session) to also include diagnosing and treating patients without conducting a physical examination, allowing these practices by a physician who is not located in the state of Alaska, changing the patient consent requirements, and allowing prescription of controlled substances under certain circumstances.

The significant expansion of the practice of telemedicine authorized under this bill will require substantial administrative and investigative resources to pursue complaints pertaining to a rapidly expanding body of licensees who are practicing "in Alaska" but operating in locations across the nation.

The division has seen a 400% increase in medical license applications since telemedicine was expanded through legislation effective November 2014. This bill would exponentially increase the number of applicants, the geographic reach of applicant licensure, and the volume of supporting documentation required to examine fitness to practice. It will also multiply the potential for pre-application investigations. These changes will result in more costly investigative and legal support to respond to complaints, to discipline licensees for violations occurring across the nation, and to comply with increased licensee appeals of board actions.

This legislation expands telehealth outside Alaska's borders in the practices of social workers, professional counselors, psychologists, psychological associates, and marital and family therapists. Because these professions do not have prescriptive authority, the investigative concerns are not as high. The licensing workload, however, is anticipated to increase dramatically.

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**BILL NO.** CSSB 74(FIN)

**Analysis Continued**

The division shall adopt regulations for establishing and maintaining a registry of businesses performing telemedicine services in the state.

This fiscal note provides for two Occupational Licensing Examiners, range 14, to examine license applications and issue licenses. In addition, this fiscal note includes two Investigator III's, range 18, to investigate violations and enforce Alaska laws on this new population of licensees. Investigative personnel would also be tasked to regulate a new type of violation, "practice location." The additional staff would be necessary to determine violations of specific geographic scope.

If the bill passes the following expenses will be incurred:

Personal Services: \$443.6 (one full time permanent Program Coordinator I, range 18, two full time permanent Occupational Licensing Examiners, range 14, two full time permanent Investigator III's, range 18)

Travel: \$3.0 (Program Coordinator to attend two board meetings and engage with committees and stakeholders in the state's opioid control program)

Services: \$25.0 (legal costs to amend regulations, printing, and postage in first year)

\$12.0 (printing and postage to notify prescribers who would be required to register)

\$2.2 (contract to expand PDMP database from monthly to weekly based on current vendor quote)

\$108.6 (legal cost of investigations and appeals beginning in year two)

\$50.0 (department-wide services support for five new positions)

Commodities: \$5.0 in first year (computer, office panels, office furniture and other one-time needs for five new positions)

The PDMP as it is currently operating is funded by a federal grant through a reimbursable service agreement (RSA) with the Department of Health and Social Services (DHSS). The department is seeking additional federal grant funding in collaboration with DHSS. If awarded, costs of this program enhancement could be covered by federal grant funds instead of program receipts. In absence of the grant it would be paid for by Board of Pharmacy licensees.

Professional licensing programs within the Division of Corporations, Business and Professional Licensing are funded by Receipt Supported Services, fund source 1156 Rcpt Svcs (DGF). Licensing fees for each occupation are set per AS 08.01.065 so the total amount of revenue collected approximately equals the occupation's actual regulatory costs.